



**DEPARTMENT OF
FINANCE**
OFFICE OF THE DIRECTOR

EDMUND G. BROWN JR. • GOVERNOR

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August 31, 2011

Ms. Anne Stausboll
Chief Executive Officer
California Public Employees' Retirement System
400 Q Street
Sacramento, California 95811

Dear Ms. Stausboll:

In the Budget Act of 2011, the Legislature separated the California State University's (CSU) retirement categories from the remaining state categories in order to allow CalPERS the ability to set employer retirement rates specific to those individual retirement categories relative to their benefit structure and employee contributions. Due to these changes, we are requesting that a separate employer contribution rate for CSU retirement benefits be established, along with corresponding adjustments to the remaining state categories, beginning the second quarter of the 2011-12 fiscal year. Specifically, we request the rates be computed separately as statutorily specified in Control Section 3.60(a) of the Budget Act of 2011.

It is our understanding that the actuarial rate update to reflect the separate CSU retirement rates for 2011-12 could be presented at the September 2011 Board Meeting. Since CSU was not part of the recent labor negotiations that increased the employee pension contributions, their employee contribution rate is no longer equivalent within the state retirement categories that include CSU. Separate rates for CSU will provide the state with accurate employer rates and savings, and having them effective as of October 1, 2011 will allow the necessary adjustments during the budget development in an ongoing manner. If we miss this date, we will not be able to correctly allocate departmental funds for the 2011-12 and 2012-13 budget through the existing budget timeline restraints.

It would also be very helpful for budgeting purposes to have separate CSU rates in your annual documents such as the Comprehensive Annual Financial Report and the State and Schools Actuarial Valuation.

Consideration of this request would be appreciated. Please contact Diana Ducay, Program Budget Manager, at (916) 445-3274, should you have any questions or wish to discuss.

Sincerely,

ANA J. MATOSANTOS
Director

cc: Mr. Stephen W. Kessler, Deputy Executive Officer, California Public Employees'
Retirement System
Mr. Alan Milligan, Chief Actuary, California Public Employees' Retirement System

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MONTELONGO, C/F

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